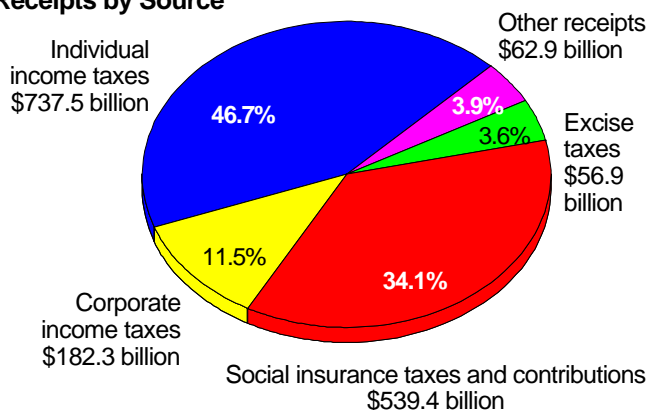


Financial Report to the Citizens

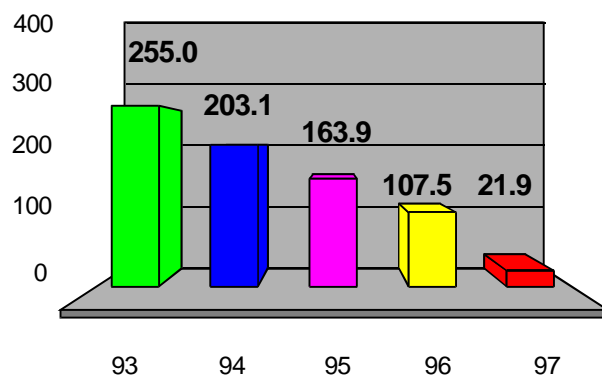
Total Receipts, 1997: \$1.579 trillion

Receipts by Source



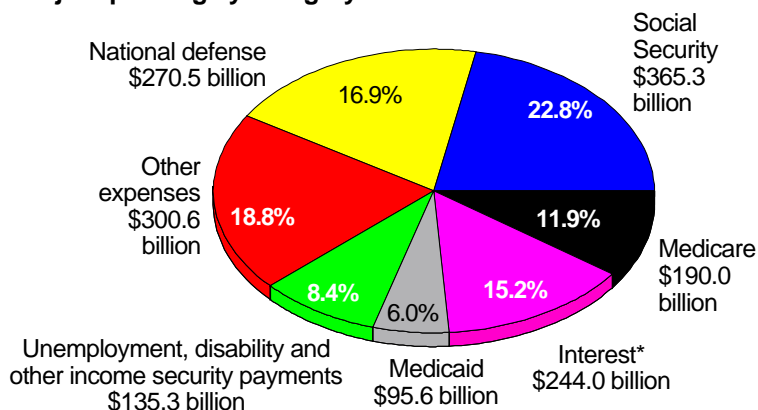
Annual Federal Deficit, 1993 —1997

In billions of dollars



Total Spending, 1997: \$1.601 trillion

Major Spending by Category



Actual Results Compared to Budget

In billions of dollars	2/97 Budget	1997 Actual
Total receipts	\$1,505	\$1,579
Total spending	1,631	1,601
Total deficit	\$126	\$22

Deficit Reduction

The annual Federal deficit, which represents total receipts for the year less total spending, dropped significantly (92.4%) during the past 5 years, from a high this decade of \$290 billion in 1992 to \$22 billion in 1997. Income taxes and social insurance taxes and contributions were the largest sources of receipts. Payments for Social

Security, defense, interest, and total income security including Medicaid were the largest items on the spending side.

Federal debt held by the public grew to \$3.8 trillion in fiscal 1997. That number represents the total amount borrowed from the public through the sale of Treasury securities and excludes amounts held by government accounts.

*Net "Interest" represents gross interest paid on the Public Debt, less (1) interest received on investments of government accounts in federal securities, and (2) interest received on loans made by the government.